



C O N S U L T I N G

GVNW CONSULTING, INC.
3220 Pleasant Run
Springfield, IL 62707
(217) 698-2700 (Tel.)
(217) 698-2715 (Fax)
www.gvnw.com

REDACTED – FOR PUBLIC INSPECTION

Via ECFS

October 21, 2013

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 Twelfth Street S.W.
Room 5-A225
Washington, D.C. 20554

RE: CONFIDENTIAL FINANCIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90, 07-0135, 05-337, 03-109, CC DOCKET NOS. 01-92, 96-45, GN DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE THE FEDERAL COMMUNICATIONS COMMISSION. (FILED IN DOCKETS 10-90 AND 11-42)

Dear Ms. Dortch,

Lathrop Telephone Company (Lathrop) hereby submits the attached redacted and confidential versions of its “FCC Form 481 – Carrier Annual Reporting Data Collection” financial information pursuant to sections §54.313 and §54.422 of the Commission’s rules, as filed with the Universal Service Administrative Company.

Section 3005 of Form 481 requires the filing of financial information per 47 C.F.R. §54.313(f)(2). Lathrop maintains that this information is “Confidential Financial Information” on the grounds that it is competitively sensitive information which could be used to disadvantage or harm Lathrop and is submitting this information pursuant to Protective Order, DA 12-1857 as described below.

First, Lathrop is submitting the “Confidential Financial Information” as a “Stamped Confidential Document” with each page bearing the legend CONFIDENTIAL FINANCIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90, 07-0135, 05-337, 03-109, CC DOCKET NOS. 01-92, 96-45, GN DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE THE FEDERAL COMMUNICATIONS COMMISSION. One copy of the “Stamped Confidential Document” and accompanying cover letter are enclosed.

Second, Lathrop is submitting the “Stamped Confidential Document” as a “Redacted Confidential Document” where the “Confidential Financial Information” has been redacted. Two copies of the “Redacted Confidential Document” and accompanying cover letter with each page stamped “REDACTED - FOR PUBLIC INSPECTION” are enclosed.

Finally, Lathrop is submitting two copies of the “Stamped Confidential Document” and accompanying cover letter to Charles Tyler, Telecommunications Access Policy Division, Wireline Competition Bureau, Federal Communications Commission, 445 Twelfth Street S.W., Room 5-A452, Washington, D.C. 20554.

FCC Form 481 was also filed prior to October 15th with the Missouri Public Service Commission.

Please contact me with any questions you have on this filing.

Sincerely,

/s/ Dave Beier

Dave Beier
Consulting Manager
GVNW Consulting, Inc.
(217) 698-2700
dbeier@gvnw.com

Enclosures

FCC Form 481 - Carrier Annual Reporting Data Collection Form
 FCC Form 481
 OMB Control No: 3060-0986/OMB Control No: 3060-0819
 July 2013

<010> Study Area Code 421932

<015> Study Area Name LATHROP TEL COMPANY

<020> Program Year 2014

<030> Contact Name: Person USAC should contact with questions about this data Dave Beier

<035> Contact Telephone Number: Number of the person identified in data line <030> 217-862-1936

<039> Contact Email Address: Email of the person identified in data line <030> dbeier@gvnm.com

ANNUAL REPORTING FOR ALL CARRIERS

54.313 Completion Required	54.422 Completion Required
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		(check box when complete)	
<100>	Service Quality Improvement Reporting (complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<200>	Outage Reporting (voice) (complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<210>	<input checked="" type="checkbox"/> <-- check box if no outages to report		
<300>	Unfulfilled Service Requests (voice)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<310>	Detail on Attempts (voice) (attach descriptive document)	<input type="checkbox"/>	<input type="checkbox"/>
<320>	Unfulfilled Service Requests (broadband)	<input type="checkbox"/>	<input type="checkbox"/>
<330>	Detail on Attempts (broadband) (attach descriptive document)	<input type="checkbox"/>	<input type="checkbox"/>
<400>	Number of Complaints per 1,000 customers (voice)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<410>	Fixed 0.0		
<420>	Mobile 0.0		
<430>	Number of Complaints per 1,000 customers (broadband)	<input type="checkbox"/>	<input type="checkbox"/>
<440>	Fixed		
<450>	Mobile		
<500>	Service Quality Standards & Consumer Protection Rules Compliance (check to indicate certification)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<510>	421932MO510 (attached descriptive document)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<600>	Functionality in Emergency Situations (check to indicate certification)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<610>	421932MO610 (attached descriptive document)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<700>	Company Price Offerings (voice) (complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>
<710>	Company Price Offerings (broadband) (complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>
<800>	Operating Companies and Affiliates (complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900>	Tribal Land Offerings (Y/N)? (if yes, complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1000>	Voice Services Rate Comparability (check to indicate certification)	<input type="checkbox"/>	<input type="checkbox"/>
<1010>	(attach descriptive document)	<input type="checkbox"/>	<input type="checkbox"/>
<1100>	Terrestrial Backhaul (Y/N)? (if not, check to indicate certification)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1110>	(complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>
<1200>	Terms and Condition for Lifeline Customers (complete attached worksheet)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000> (check to indicate certification)

<2005> (complete attached worksheet)

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

<3000> (check to indicate certification)

<3005> (complete attached worksheet)

**(100) Service Quality Improvement Reporting
Data Collection Form**

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010> Study Area Code 421932

<015> Study Area Name LATHROP TEL COMPANY

<020> Program Year 2014

<030> Contact Name - Person USAC should contact regarding this data Dave Beier

<035> Contact Telephone Number - Number of person identified in data line <030> 217-862-1936

<039> Contact Email Address - Email Address of person identified in data line <030> dbeier@gytiaw.com

<110> Has your company received its ETC certification from the FCC? (yes / no)

If your answer to Line <110> is yes, do you have an existing §54.202(a) "5 year plan" filed with the FCC? (yes / no)

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

Name of Attached Document (pdf)

Please check these boxes below to confirm that the attached PDF, on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

- <113> Maps detailing progress towards meeting plan targets
- <114> Report how much universal service (USF) support was received
- <115> How (USF) was used to improve service quality
- <116> How (USF) was used to improve service coverage
- <117> How (USF) was used to improve service capacity
- <118> Provide an explanation of network improvement targets not met in the prior calendar year.

(800) Operating Companies
 Data Collection Form
 FCC Form 481
 OMB Control No. 3060-0986 / OMB Control No. 3060-0819
 July 2015

<010> Study Area Code 421932
 <015> Study Area Name LATHROP TEL COMPANY
 <020> Program Year 2014
 <030> Contact Name - Person USAC should contact regarding this data Dave Reier
 <035> Contact Telephone Number - Number of person identified in data line <030> 217-862-1936
 <039> Contact Email Address - Email Address of person identified in data line <030> dbeier@vrv.com

<810> Reporting Carrier Lathrop Telephone Company
 <811> Holding Company Grand River Mutual Telephone Corporation
 <812> Operating Company Lathrop Telephone Company

<813>	<a1>	<a2>	<a3>
	Affiliates	SAC	Doing Business As Company or Brand Designation

-- See attached worksheet --

**(900) Tribal Lands Reporting
Data Collection Form**

FCC Form 481
 OMB Control No. 3060-0986 / OMB Control No. 3060-0819
 July 2013

<010> Study Area Code 421932

<015> Study Area Name LATHROP TEL COMPANY

<020> Program Year 2014

<030> Contact Name - Person USAC should contact regarding this data Dave Beier

<035> Contact Telephone Number - Number of person identified in data line <030> 217-862-1936

<039> Contact Email Address - Email Address of person identified in data line <030> dbeier@gvmw.com

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation Name of Attached Document (.pdf)

if your company serves Tribal lands, please select (Yes, No, NA) for each of these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

	Select (Yes, No, NA)
<921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions;	
<922> Feasibility and sustainability planning;	
<923> Marketing services in a culturally sensitive manner;	
<924> Compliance with Rights of way processes	
<925> Compliance with Land Use permitting requirements	
<926> Compliance with Facilities Siting rules	
<927> Compliance with Environmental Review processes	
<928> Compliance with Cultural Preservation review processes	
<929> Compliance with Tribal Business and Licensing requirements.	

**(1100) No Terrestrial Backhaul Reporting
Data Collection Form**

FCC Form 481
OMB Control No. 3060-0936/GMB Control No. 3060-0819
July 2013

<010>	Study Area Code	421932
<015>	Study Area Name	LATHROP TEL COMPANY
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Dave Beier
<035>	Contact Telephone Number - Number of person identified in data line <030>	217-862-1936
<039>	Contact Email Address - Email Address of person identified in data line <030>	dbeier@gyaw.com

<1120> Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G)

<1130> Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G)

**(1200) Terms and Condition for Lifeline Customers
Lifeline
Data Collection Form**

FCC Form 481
OMB control No. 3060-0986/OMB Control No. 3066-0819
July 2013

<010>	Study Area Code	421932
<015>	Study Area Name	LATEROP TEL COMPANY
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Dave Beier
<035>	Contact Telephone Number - Number of person identified in data line <030>	217-862-1936
<039>	Contact Email Address - Email Address of person identified in data line <030>	dbeier@gvnrw.com

<1210>	Terms & Conditions of Voice Telephony Lifeline Plans	421932MO1210	Name of attached document (.pdf)
<1220>	Link to Public Website	HTTP	

"Please check these boxes below to confirm that the attached PDF, on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- <1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers,
- <1222> Details on the number of minutes provided as part of the plan, telephony service plans offered to Lifeline subscribers,
- <1223> Additional charges for toll calls, and rates for each such plan.

(2000) Price Cap Carrier Additional Documentation
 Data Collection Form
 Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010> Study Area Code 421932
 <015> Study Area Name LANTRON TEL COMPANY
 <020> Program Year 2014
 <030> Contact Name - Person USAC should contact regarding this data Dave Beier
 <035> Contact Telephone Number - Number of person identified in data line <030> 217-862-1936
 <039> Contact Email Address - Email Address of person identified in data line <030> dbeier@gvaw.com

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting
 <2010> 2nd Year Certification {47 CFR § 54.313(b)(1)}
 <2011> 3rd Year Certification {47 CFR § 54.313(b)(2)}

Price Cap Carrier Receiving Frozen Support Certification {47 CFR § 54.312(a)}
 <2012> 2013 Frozen Support Certification
 <2013> 2014 Frozen Support Certification
 <2014> 2015 Frozen Support Certification
 <2015> 2016 and future Frozen Support Certification

Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}
 <2016> Certification Support Used to Build Broadband

Connect America Phase II Reporting {47 CFR § 54.313(e)}
 <2017> 3rd year Broadband Service Certification
 <2018> 5th year Broadband Service Certification
 <2019> Interim Progress Certification
 <2020> Please check the box to confirm that the attached PDF, on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

<2021> Name of Attached Document Listing Required Information

FCI Form 451
 OMB Control No. 3060-0085/OMB Control No. 3060-0019
 July 2013

<010> Study Area Code 421932
 <015> Study Area Name LATHEROP TEL COMPANY
 <020> Program Year 2014
 <030> Contact Name - Person USAC should contact regarding this data Dave Beizer
 <035> Contact Telephone Number - Number of person identified in data line <030> 217-862-1936
 <039> Contact Email Address - Email Address of person identified in data line <030> dbeizer@ctvfw.com

CHECK THE boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

Item	Description	Yes/No	Name of Attached Document Listing Required Information
(3010)	Progress Report on 5 Year Plan Milestone Certification (47 CFR § 54.313(f)(1)(i)) Please check this box to confirm that the attached PDF, on line 3012, contains the required information pursuant to § 54.313 (f)(1)(i), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.	<input type="checkbox"/>	
(3011)	Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii)) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2)) If yes, does your company file the RUS annual report Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires: Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)	<input checked="" type="checkbox"/> (Yes/No) <input type="checkbox"/> (Yes/No)	
(3015)	PDF of Balance Sheet, Income Statement and Statement of Cash Flows If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	<input type="checkbox"/>	
(3018)	If the response is no on line 3014, is your company audited? If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains: Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications PDF of Balance Sheet, Income Statement and Statement of Cash Flows Management letter issued by the independent certified public accountant that performed the company's financial audit.	<input checked="" type="checkbox"/> (Yes/No)	
(3019)	If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains: Copy of their financial statement which has been subject to review by an independent certified public accountant; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers, Underlying information subjected to a review by an independent certified public accountant	<input type="checkbox"/>	
(3023)	Underlying information subjected to an officer certification.	<input type="checkbox"/>	
(3024)	PDF of Balance Sheet, Income Statement and Statement of Cash Flows	<input type="checkbox"/>	
(3025)	Attach the worksheet listing required information	<input type="checkbox"/>	421932MO3026

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	421932
<015>	Study Area Name	LATHROP TEL COMPANY
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Dave Beier
<035>	Contact Telephone Number - Number of person identified in data line <030>	217-862-1936
<039>	Contact Email Address - Email Address of person identified in data line <030>	dbeier@gvnm.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
<010> Study Area Code	421932	
<015> Study Area Name	LATHROP TEL COMPANY	
<020> Program Year	2014	
<030> Contact Name - Person USAC should contact regarding this data	Dave Beier	
<035> Contact Telephone Number - Number of person identified in data line <030>	217-862-1936	
<039> Contact Email Address - Email Address of person identified in data line <030>	dbeier@gvnw.com	

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) <u>Dave Beier</u> is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	Dave Beier
Name of Reporting Carrier:	LATHROP TEL COMPANY
Signature of Authorized Officer:	CERTIFIED ONLINE Date: 10/11/2013
Printed name of Authorized Officer:	Mark Yungeberg
Title or position of Authorized Officer:	Vice President
Telephone number of Authorized Officer:	660-748-2140
Study Area Code of Reporting Carrier:	421932 Filing Due Date for this form: 10/15/2013
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	LATHROP TEL COMPANY
Name of Authorized Agent or Employee of Agent:	Dave Beier
Signature of Authorized Agent or Employee of Agent:	CERTIFIED ONLINE Date: 10/11/2013
Printed name of Authorized Agent or Employee of Agent:	Dave Beier
Title or position of Authorized Agent or Employee of Agent:	GVNW Consulting Manager
Telephone number of Authorized Agent or Employee of Agent:	217-862-1936
Study Area Code of Reporting Carrier:	421932 Filing Due Date for this form: 10/15/2013
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

**(800) Operating Companies
Data Collection Form**

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010> Study Area Code 421932

<015> Study Area Name LATHROP TEL COMPANY

<020> Program Year 2014

<030> Contact Name - Person USAC should contact regarding this data Dave Beier

<035> Contact Telephone Number - Number of person identified in data line <030> 217-862-1936

<039> Contact Email Address - Email Address of person identified in data line <030> dbeier@ynw.com

<810> Reporting Carrier Lathrop Telephone Company

<811> Holding Company Grand River Mutual Telephone Corporation

<812> Operating Company Lathrop Telephone Company

<813>	<813>	<813>	<813>
	SAC	Affiliates	Doing Business As Company or Brand Designation
	421932	Lathrop Telephone Company	LTC Networks
	421888	Grand River Mutual Telephone Corporation - MO	GRM Networks
	351888	Grand River Mutual Telephone Corporation - IA	GRM Networks
	351888	South Central Communications, Inc.	SCC Networks

Lathrop Telephone Company (Lathrop)

SAC 421932

Missouri

FCC Form 481 – Line 510

Lathrop hereby certifies that it is complying with applicable service quality standards and consumer protection rules.

Description of Service Quality Standards and Consumer Protection Rules Compliance

- 1) Lathrop complies with the consumer protection, quality of service standard, service objective level, customer inquiry and customer dispute provisions of the state of Missouri as promulgated in Missouri Code of State Regulations 4 CSR 240 Chapters 32 and 33 (even though compliance with these regulations has been waived by the Missouri Public Service Commission). Lathrop is committed to providing the highest quality service to its customers.
- 2) Lathrop complies with the requirements of 47 CFR Part 64 Subpart U, Customer Proprietary Network Information and Subpart Y, Truth in Billing Requirements for Common Carriers, and Federal Trade Commission Red Flag rules to prevent identity theft. A company manual for CPNI and Red Flags is in place, and employee training is conducted annually and new hires are instructed on the programs as required by their job functions.

Lathrop Telephone Company (Lathrop)

SAC 421932

Missouri

FCC Form 481 – Line 610

Lathrop hereby certifies that it is able to function in emergency situations as set forth in the Code of Federal Regulations, Title 47, Part 54, Subpart C, §54.202(a)(2)1 and the Missouri Code of State Regulations.

Description of Functionality in Emergency Situations

- 1) Lathrop maintains a Disaster Recovery manual, which has been filed with the Missouri Public Service Commission.
- 2) Lathrop has a reasonable amount of back-up power to ensure functionality without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations.
- 3) Specifically, Lathrop's office is equipped with a battery backup system capable of powering the equipment for a minimum of 8 hours with no outside power source. It also has a backup emergency generator (with a minimum of 35 kilowatts) capable of running for an extended number of days on liquid propane or diesel fuel. All digital loop carriers have battery backup also and are powered by portable generators during power outages. Where the company has deployed fiber to the home technology, the customer NID's have a UPS battery backup in case of emergency. Lathrop and its affiliated companies have built redundant facilities between its offices and also back to its toll facilities which exit to the public switched telephone network. This redundant facility is in the form of SONET or Asynchronous transport. The Company can change call routing translations as needed to reroute traffic around damaged facilities. Changing call routing translations will also allow the Company to manage traffic spikes throughout its network, as emergency situations require. Lathrop takes no responsibility for the capabilities of interconnected networks to manage traffic spikes resulting from emergency situations, but will continue its best efforts for its own network during such events.

Lathrop Telephone Company (Lathrop)

SAC 421932

Missouri

FCC Form 481 -- Line 1210

Description of Lifeline Terms and Conditions

- 1) See Lathrop's website at www.grm.net for Lifeline information. Also, see below for Lathrop's Missouri Lifeline Customer Application and the applicable pages from Lathrop's local tariff explaining the terms and conditions for Lifeline service.
- 2) All of Lathrop's Lifeline customers receive unlimited local calling minutes.
- 3) Lathrop provides toll calling equal access for all Lifeline customers to numerous interexchange carriers (IXCs). The rates, terms and conditions of their toll carrier offerings are made by the IXCs, not by Lathrop.

GRM Networks *(Lathrop Telephone)*

Missouri Application for the Lifeline or Disabled Programs

Consumers meeting certain eligibility criteria are able to receive monthly discounts for voice telephony service through the Lifeline program or the Disabled program. Lifeline service offers a monthly discount of \$12.75. The Disabled program offers a \$3.50 monthly discount. To apply complete this form and also submit proof of eligibility.

Eligibility Criteria	
Lifeline Program	Disabled Program
<input type="checkbox"/> MO HealthNet (f/k/a Medicaid) <input type="checkbox"/> Supplemental Nutrition Assistance (Food Stamps) <input type="checkbox"/> Supplemental Security Income <input type="checkbox"/> Low-Income Home Energy Assistance (LIHEAP) <input type="checkbox"/> Federal Public Housing Assistance (Section 8) <input type="checkbox"/> National School Free Lunch Program <input type="checkbox"/> Temporary Assistance for Needy Families (TANF) <input type="checkbox"/> 135% of the Federal Poverty Level <i>(See next page for income threshold requirements)</i>	<input type="checkbox"/> Veteran Administration Disability Benefits <input type="checkbox"/> State Blind Pension <input type="checkbox"/> State Aid to Blind Persons <input type="checkbox"/> State Supplemental Disability Assistance <input type="checkbox"/> Federal Social Security Disability <input type="checkbox"/> Federal Supplemental Security Income

Applicant's Full Name:	Birth Date:	Social Security # (last 4 digits):	DCN:*
Name on Voice Service Account (If different from Applicant):		Customer Contact Telephone Number:	
Customer's Full Residential Service Address (no P.O. Boxes): Street: City, Town, Zip:		Is this address a temporary address? Yes / No <i>(circle the appropriate response)</i> <i>(If "yes" then must verify address every 90 days.)</i>	
Is this address also my billing address? <input type="checkbox"/> Yes <input type="checkbox"/> No <i>(If "no" please provide billing address):</i>			

**This number is assigned to program participants of MO HealthNet, LIHEAP, Food Stamps and TANF.*

- I understand the following obligations and provisions about the Lifeline and Disabled programs:**
- The Lifeline and Disabled programs are government benefit programs and that willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program.
 - Only one Lifeline or Disabled service is available per household.
 - A household is defined, for purposes of the Lifeline program, as any individual or group of individuals who live together at the same address and share income and expenses.
 - A household is not permitted to receive Lifeline or Disabled benefits from multiple providers or combine Lifeline and Disabled program benefits.
 - Violation of the one-per-household limitation constitutes a violation of rules and will result in the subscriber's de-enrollment from the program.
 - Lifeline and the Disabled program are non-transferable benefits and the subscriber may not transfer his or her benefit to any other person.

I CERTIFY UNDER PENALTY OF PERJURY EACH OF THE FOLLOWING:

- I meet the eligibility criteria for the Lifeline program or the Disabled program.
- I will provide notification to my voice service provider within 30 days if for any reasons I no longer satisfy the criteria for receiving Lifeline or Disabled benefits including, as relevant, if I no longer meet the income-based or program-based criteria for receiving Lifeline or Disabled support, I receive more than one Lifeline or Disabled benefit, or another member of my household is receiving a Lifeline or Disabled benefit.
- If I move to a new address I will provide that new address to my voice service provider within 30 days.
- If I have a temporary residential address then I will be required to verify my address with my voice service provider every 90 days.
- My household will receive only one Lifeline or Disabled service and, to the best of my knowledge, my household is not already receiving a Lifeline or Disabled service.
- I acknowledge the obligation to re-certify my continued eligibility for Lifeline or Disabled benefits at any time and failure to re-certify my continued eligibility will result in de-enrollment and the termination of Lifeline or Disabled benefits.
- I consent to providing my name, telephone number and address to the Universal Service Administrative Company for the purpose of verifying I do not receive more than one Lifeline benefit. I also consent to sharing my account information with the Federal Communications Commission and Missouri Public Service Commission who oversee and administer the Lifeline or Disabled programs.

_____ I certify I have _____ individuals in my household.
(Initial and complete only if qualifying under income threshold.)

The information supplied on this form is true and correct.

I acknowledge providing false or fraudulent information to receive Lifeline or Disabled benefits is punishable by law.

 Signature of Customer

 Date

Submit a completed signed form and proof of eligibility.

Annual Income Thresholds for Meeting 135% of Federal Poverty Level (Based on Household Size)								
1	2	3	4	5	6	7	8	Each add'l person
\$15,512	\$20,939	\$26,366	\$31,793	\$37,220	\$42,647	\$48,074	\$53,501	+ \$5,427/person

Acceptable documentation for meeting the criteria of 135% of the federal poverty level includes: a copy of prior year's state or federal tax return; paycheck stub (three consecutive months); a statement of benefits for Social Security, Veterans Administration, retirement/pension or Unemployment/Workmen's Compensation; or other legal documents showing current income (e.g. divorce decree, child support award). Any documentation must cover a full year or three consecutive months within the previous twelve months.

Company Use Only:

I hereby attest the applicant presented acceptable proof of eligibility:

 Print name of company official

 Signature

 Date

LIFELINE SERVICE

A. General Regulations

1. Lifeline service is available to qualifying low-income subscribers for single-party residence service.
2. The monthly discount will be the maximum amount allowed by the Missouri Public Service Commission and the Federal Communications Commission; however, this discount will not exceed the sum of the federal subscriber line charge and the recurring charges for voice telephony service. The monthly discount will be the same for Lifeline customers solely subscribing to voice telephony service and for Lifeline customers subscribing to a bundle of services.
3. Lifeline will not be furnished on a Foreign Exchange service.
4. Lifeline service shall not be disconnected for non-payment of toll charges.
5. Toll blocking provides a means of restricting access to the Long Distance Message Telecommunications Network. Toll blocking for the purposes of lifeline service will restrict 1+, 0+ and 0- (operator handled) calls.
 - a. If the customer chooses "toll blocking" the company will not charge a service deposit.
 - b. Toll blocking is offered to Lifeline subscribers at no charge.

(T)
|
(T)
(D)

*Indicates new rate or text
+Indicates change

(D)
(D)

GENERAL EXCHANGE SERVICE

LIFELINE SERVICE (Continued)

B. Eligibility Requirements

1. An applicant must meet all of the following criteria in order to qualify for Lifeline Service.
 - a. To qualify for Lifeline the consumer must participate in one of the following programs:
 - 1) Mo HealthNet (f/k/a Medicaid) (T)
 - 2) Food stamps (T)
 - 3) Supplemental Security Income (SSI)
 - 4) Federal Public Housing Assistance or Section 8
 - 5) Low Income Home Energy Assistance Program
 - 6) National School Free Lunch Program (T)
 - 7) Temporary Assistance for Needy Families, or (T)
 - 8) The customer's income, as defined in 47 CFR §54.400(f), is at or below 135% of the Federal Poverty Guideline (eff. June 1, 2012). (N)
2. The customer must sign, under penalty of perjury a document certifying:
 - a. He/she is receiving benefits from one of the programs in 1.a. above.
 - b. Name of the program(s) from which they are receiving benefits.
 - c. That he/she will notify the company if he/she no longer participates in the program(s) named in a. preceding.
3. The premises at which the residence service is requested must be the applicant's principal place of residence.
4. There is only one telephone line serving the residence premises. The residence premises household (dwelling unit) shall consist of that portion of an individual house or building or one flat or apartment occupied by a single family or individuals functioning as one domestic establishment.

GENERAL EXCHANGE SERVICE
LIFELINE SERVICE (Continued)

C. Missouri Universal Service Fund

1. Low-Income Assistance

a. General

A low-income customer is any customer who requests or received residential essential local telecommunications service and who has been certified by the Department of Social Services (DSS) as economically disadvantaged. Qualified individuals will receive discounted services under either the low-income assistance or the disabled assistance program.

b. Regulations

Low income assistance is available to all residential customers who demonstrate, by self certifying with the company under penalty of perjury, that they are eligible for support by participation in:

1. Mo HealthNet (f/k/a Medicaid)
2. Food Stamps (T)
3. Supplemental Security Income (SSI)
4. Federal Public Housing Assistance or Section 8
5. Low Income Home Energy Assistance Program
6. National School Free Lunch Program (T)
7. Temporary Assistance for Needy Families, or (T)
8. The customer's income, as defined in 47 CFR §54.400(f), is at or below (N)
135% of the Federal Poverty Guideline (effective June 1, 2012). (N)

c. Eligible Services

Essential local telecommunications service is defined as two (2) way switched voice residential service within a local calling scope as determined by the commission, comprised of the following services and their recurring charges:

1. Single line residential service, including touch-tone dialing and any applicable mileage or zone charges
2. Access to local emergency service, including, but not limited to, 911 service established by local authorities
3. Access to basic local operator services
4. Access to basic local directory assistance
5. Standard intercept service
6. Equal access to Inter-Exchange Carriers consistent with rules and regulations of the FCC
7. One (1) standard white pages directory listing
8. Toll blocking or toll control for qualifying low-income customers

LIFE LINE SERVICE (Continued)

C. Missouri Universal Service Fund (Continued)

d. Support Amount

Customers eligible under the established criteria can receive a discount from their bill for essential local telecommunications service equal to the amount approved by the Missouri Public Service Commission and the Federal Communications Commission. The amount of combined federal and state lifeline support for any customer will not exceed the sum of the Federal subscriber Line Charge (SLC) and the recurring charges for essential local telecommunications services (including the basic service rate, Touch-Tone calling charge, extended area service additive, and mileage additives, if any).

2. Disabled Assistance

a. General

A disabled customer, or a dependent, is a customer who request or receives residential essential local telecommunications service, as defined in section 1 (c) Of this tariff, and meets the eligibility requirements set forth in this tariff.

b. Regulations

Disabled assistance is available to all residential customers who demonstrate, by self certifying with the company under penalty of perjury, that they, or a dependent, are totally and permanently disabled or blind and receiving any of the following:

1. Federal Social Security Disability benefits
2. Federal Supplemental security income benefits
3. Veterans Administration benefits
4. State blind pension pursuant to Section 209.010 to 209.160, RSMo
5. State aid to blind persons pursuant to Section 208.030 RSMo, Section 660.100.2 RSMo 2000.

LIFE LINE SERVICE (Continued)

C. Missouri Universal Service Fund (Continued)

2. Disabled Assistance (Continued)

c. Support Amount

Customers eligible under the established criteria can receive a discount equal to the amount approved by the Missouri Public Service Commission from their bill for essential local telecommunications service. The amount of state lifeline support for any customer will not exceed the recurring charges for essential local telecommunications service (including the basic service rate, Touch-Tone calling charge, extended area service additive, and mileage additives, if any).

(N)

3. "Missouri Universal Service Fund"

- a. Company will place on each retail end-user customer's bill, a surcharge equal to the Missouri Universal Service Fund percentage assessment ordered by the commission.
- b. The surcharge will appear as a separate line item detailed as "Missouri Universal Service Fund".
- c. The surcharge percentage will be applied to the total of each customer's charges for intrastate regulated telecommunications services that meet the definition of net jurisdictional revenues at 4 CSR 240-31.0101(12).

REDACTED – FOR PUBLIC INSPECTION

**MISSOURI 596
LATHROP TELEPHONE COMPANY
LATHROP, MISSOURI**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORTS
Years ended December 31, 2012 and 2011**

**A wholly-owned subsidiary of
Grand River Mutual Telephone Corporation
Princeton, Missouri**



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lathrop Telephone Company
Lathrop, Missouri

Report on the Financial Statements

We have audited the accompanying balance sheets of Lathrop Telephone Company (a Missouri corporation) as of December 31, 2012 and 2011, and the related statements of income, comprehensive income, stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment; including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lathrop Telephone Company as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued a report dated April 17, 2013, on our consideration of Lathrop Telephone Company's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in assessing the results of our audit.

Kiesling Associates LLP

West Des Moines, Iowa
April 17, 2013

LATHROP TELEPHONE COMPANY
LATHROP, MISSOURI

BALANCE SHEETS
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents		
Temporary investments		
Accounts receivable:		
Due from customers		
Interexchange carriers		
Affiliates		
Other		
Prepaid income taxes		
Interest receivable		
Prepayments		
Deferred income taxes		
OTHER NONCURRENT ASSETS		
Other investments		
Marketable securities		
Other noncurrent assets		
PROPERTY, PLANT AND EQUIPMENT		
Telephone plant in service		
Less accumulated depreciation		
Plant under construction		
TOTAL ASSETS		

The accompanying notes are an integral part of these financial statements.

LATHROP TELEPHONE COMPANY
LATHROP, MISSOURI

BALANCE SHEETS
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Current portion of long-term debt		
Accounts payable:		
Interexchange carriers		
Affiliates		
Other		
Customer deposits		
Accrued taxes		
Other		
LONG-TERM DEBT, less current portion		
OTHER NONCURRENT LIABILITIES		
Deferred income taxes		
Dividends payable		
STOCKHOLDERS' EQUITY		
Common stock - \$100 par value, 1,500 shares authorized, 1,310 shares issued		
Additional paid-in capital		
Accumulated Other Comprehensive Income:		
Unrealized gains on certain investments		
Retained earnings		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		

The accompanying notes are an integral part of these financial statements.

LATHROP TELEPHONE COMPANY
LATHROP, MISSOURI

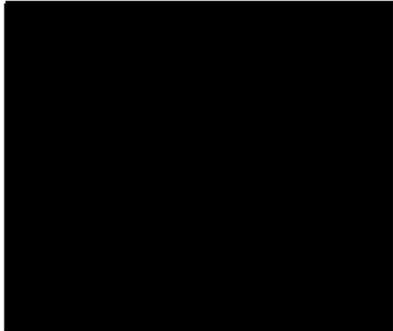
STATEMENTS OF INCOME
Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES		
Local network services		
Network access services		
Internet services		
Billing and collection services		
Miscellaneous revenue		
OPERATING EXPENSES		
Plant specific operations		
Plant nonspecific operations		
Cost of internet services		
Depreciation		
Customer operations		
Corporate operations		
General taxes		
OPERATING INCOME (LOSS)		
OTHER INCOME (EXPENSE)		
Interest and dividend income		
Other, net		
Interest expense		
INCOME (LOSS) BEFORE INCOME TAXES		
INCOME TAXES		
NET INCOME (LOSS)		

The accompanying notes are an integral part of these financial statements.

LATHROP TELEPHONE COMPANY
LATHROP, MISSOURI

STATEMENTS OF COMPREHENSIVE INCOME
Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Net Income (Loss)		
Other comprehensive income, net of tax:		
Unrealized gains (losses) on securities:		
Unrealized holding gains (losses) arising during the period		
COMPREHENSIVE INCOME (LOSS)		

The accompanying notes are an integral part of these financial statements.

LATHROP TELEPHONE COMPANY
LATHROP, MISSOURI

STATEMENTS OF STOCKHOLDERS' EQUITY
Years ended December 31, 2012 and 2011

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Comprehensive Income</u>	<u>Retained Earnings</u>
	<u>Shares</u>	<u>Amount</u>			
Balance at December 31, 2010					
Comprehensive Income					
Net income					
Unrealized gains on securities:					
Unrealized holding gains arising during the period (net of tax of \$724)					
Dividends					
Balance at December 31, 2011					
Comprehensive Income					
Net loss					
Unrealized gains on securities:					
Unrealized holding losses arising during the period (net of tax of (\$929))					
Additional paid-in capital					
Balance at December 31, 2012					

The accompanying notes are an integral part of these financial statements.

LATHROP TELEPHONE COMPANY
LATHROP, MISSOURI

STATEMENTS OF CASH FLOWS
Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)		
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation		
Deferred income taxes		
Changes in assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable		
Other noncurrent assets		
Prepayments		
Increase (Decrease) in:		
Accounts payable		
Accrued taxes		
Other		
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures		
Proceeds from sale of other investments		
Salvage, net of cost of removing plant		
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowing		
Repayment of long-term debt		
Proceeds from USDA grant		
Additional paid-in capital		
Net cash provided by (used in) financing activities		
Net Increase in Cash and Cash Equivalents		
Cash and Cash Equivalents at Beginning of Year		
Cash and Cash Equivalents at End of Year		

The accompanying notes are an integral part of these financial statements.

**LATHROP TELEPHONE COMPANY
LATHROP, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Lathrop Telephone Company (herein referred to as "the Company") is a provider of telecommunications exchange and local access services, internet and telecommunications equipment in a service area located primarily in Clinton County, Missouri.

The accounting policies of the Company conform to accounting principles generally accepted in the United States of America. Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management has evaluated subsequent events through April 17, 2013, the date the financial statements were available for issue. Telephone operations reflect practices appropriate to the telephone industry. The accounting records of the telephone company are maintained in accordance with the Uniform System of Accounts for Class A and B Telephone Companies prescribed by the Federal Communications Commission (FCC) as modified by the state regulatory authority.

Cash Equivalents

All highly liquid investments with a maturity of three months or less at the time of purchase are considered cash equivalents.

Accounts Receivable

Receivables are reported at the amounts the Company expects to collect on balances outstanding at year end. The Company monitors outstanding balances and periodically writes off balances that are determined to be uncollectible. The Company has concluded that losses on balances outstanding at year end will be immaterial.

Investments

Temporary and other investments consist primarily of investments in bank certificates of deposit which are carried at cost, which approximates market.

Marketable securities bought and held principally for selling in the near future are classified as trading securities and carried at fair value. Unrealized holding gains and losses on trading securities are reported in earnings. Marketable securities classified as available-for-sale are carried at fair value with unrealized holding gains and losses recorded as a separate component of stockholders' equity. Debt securities for which the Company has both the positive intent and ability to hold to maturity are classified as held-to-maturity and are carried at amortized cost. The Company uses the average cost method of computing realized gains and losses.

**LATHROP TELEPHONE COMPANY
LATHROP, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Nonmarketable equity investments over which the Company has significant influence are reflected on the equity method. Other nonmarketable equity investments are stated at cost.

Property, Plant and Equipment

Property, plant and equipment is capitalized at original cost including the capitalized cost of salaries and wages, materials, certain payroll taxes, employee benefits and interest incurred during the construction period.

The Company provides for depreciation for financial reporting purposes on the straight-line method by the application of rates based on the estimated service lives of the various classes of depreciable property as approved by the Missouri Public Service Commission. These estimates are subject to change in the near term.

Renewals and betterments of units of telephone property are charged to telephone plant in service. When telephone plant is retired, its cost is removed from the asset account and charged against accumulated depreciation less any salvage realized. No gains or losses are recognized in connection with routine retirements of depreciable telephone property. Repairs and renewals of minor items of telephone property are included in plant specific operations expense.

Long-Lived Assets

The Company would provide for impairment losses on long-lived assets when no longer cost of service regulated, indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Based on current conditions, management does not believe any of its long-lived assets are impaired.

Income Taxes

The Company is included in the consolidated tax return with its parent for income tax purposes. For financial reporting purposes, income taxes are presented by apportioning the consolidated tax provision in the ratio of the income taxes to be paid as if each were filing a separate return.

Income taxes are accounted for using a liability method and provide for the tax effects of transactions reported in the financial statements including both taxes currently due and deferred. Deferred taxes are adjusted to reflect deferred tax consequences at current enacted tax rates. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred taxes arise from property, plant and equipment and certain payables. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible, when the assets and liabilities are recovered or settled.

**LATHROP TELEPHONE COMPANY
LATHROP, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Company recognizes revenues when earned regardless of the period in which they are billed. The Company is required to provide telephone service to subscribers within its defined service territory.

Local network service and internet revenues are recognized over the period a subscriber is connected to the network.

Network access revenues are derived from charges for access to the Company's local exchange network. The interstate portion of access revenues is based on an average schedule company settlement formula administered by the National Exchange Carrier Association (NECA) which is regulated by the FCC. The intrastate portion of access revenues is billed based on an individual company tariff access charge structure approved by the Missouri Public Service Commission. The tariffs developed from this structure are used to charge the connecting carrier and recognize revenues in the period the traffic is transported based on the minutes of traffic carried.

The Company recognizes internet related revenues charged to its end user customers in the statement of operations as internet services. Included in network access services is the settlement received from NECA related to using the regulated plant facilities to provide internet services. Payments made to NECA under the wholesale DSL program associated with the use of the regulated plant facilities to provide high speed internet service are included in cost of internet services and totaled [REDACTED] and [REDACTED] in 2012 and 2011, respectively.

Other revenues include contractually determined arrangements for the provision of billing and collecting services and are recognized in the period when the services are performed.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses were \$5,635 and \$7,511 in 2012 and 2011, respectively.

LATHROP TELEPHONE COMPANY
LATHROP, MISSOURI

NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

The Company determines the fair value of its financial assets and liabilities based on the fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following three levels of inputs may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Reclassifications

Certain reclassifications have been made to the 2011 financial statements to conform with the 2012 presentation.

NOTE 2. SECURITIES INVESTMENTS

The amortized cost and fair value of available-for-sale securities are:

<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
---------------------------	---------------------------------------	----------------------------------------	-----------------------

December 31, 2012:

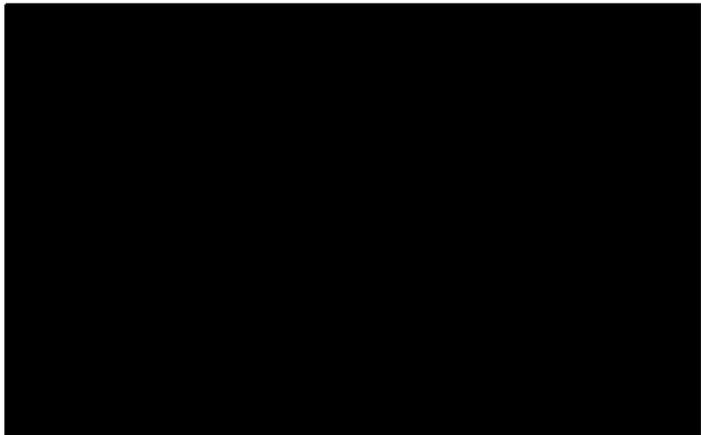
Available-for-sale equity securities:

Technology industry
Amounts classified as:
Marketable securities

December 31, 2011:

Available-for-sale equity securities:

Technology industry
Amounts classified as:
Marketable securities



**LATHROP TELEPHONE COMPANY
LATHROP, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011**

NOTE 2. SECURITIES INVESTMENTS (Continued)

Investments measured at fair value are valued at Level 1 in the fair value hierarchy.

There were no proceeds from sales or realized gains or losses on sales of available-for-sale securities during 2012 and 2011. The change in net unrealized holding gains on available-for-sale securities included as a separate component of comprehensive income before tax totaled (\$2,480) and \$1,930 in 2012 and 2011, respectively.

NOTE 3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment includes the following:

	<u>2012</u>	<u>2011</u>
Telephone plant in service:		
Land		
Buildings		
Furniture and office equipment		
Vehicles and work equipment		
Central office assets		
Cable and wire facilities		
Other plant and equipment		
 Total property, plant and equipment		

Depreciation on depreciable property resulted in composite rates of 16.50% and 5.74% for 2012 and 2011, respectively.

Beginning January 1, 2012, the Company's depreciation rate on buried cable was increased to more accurately reflect the estimated remaining service life of this equipment. This change resulted in approximately [REDACTED] additional depreciation expense in 2012 compared to 2011 on these assets.

NOTE 4. INCOME TAXES

Income taxes reflected in the Statements of Income consist of the following:

	<u>2012</u>	<u>2011</u>
Federal income taxes:		
Current tax expense (benefit)		
Deferred tax benefit		
State income taxes:		
Current tax expense (benefit)		
Deferred tax benefit		
Total income tax expense (benefit)		

LATHROP TELEPHONE COMPANY
LATHROP, MISSOURI

NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 4. INCOME TAXES (Continued)

Cash paid for income taxes and estimated income taxes for 2012 and 2011 totaled [REDACTED] and [REDACTED] respectively.

Deferred federal and state tax liabilities and assets reflected in the Balance Sheets are summarized as follows:

	<u>2012</u>	<u>2011</u>
Deferred Tax Liabilities		
Federal		
State		
Total Deferred Tax Liabilities		
Deferred Tax Assets		
Federal		
State		
Total Deferred Tax Assets		
Net Deferred Tax Liabilities		
Current Portion		
Long-term Portion		
Net Deferred Tax Liabilities		

Prepaid income taxes of [REDACTED] appearing on the Balance Sheets at December 31, 2012, reflect overpayments of estimated taxes on the consolidated tax filing.

The tax provision differs from the expense that would result from applying the federal statutory rates to income before income taxes because of state income taxes.

The Company has evaluated its income tax positions and has determined that there are no uncertain income tax positions that need to be recorded or reported in the financial statements at December 31, 2012.

The Company's federal and state income tax returns for years 2009 to present remain subject to examination.

NOTE 5. LONG-TERM DEBT

	<u>2012</u>	<u>2011</u>
Grand River Mutual Telephone - 3.25%		
Less current portion		

**LATHROP TELEPHONE COMPANY
LATHROP, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011**

NOTE 5. LONG-TERM DEBT (Continued)

Cash paid for interest, net of amounts capitalized, for 2012 and 2011 totaled [REDACTED] and [REDACTED] respectively.

NOTE 6. DEFINED CONTRIBUTION PENSION PLAN

The Company provides an optional savings plan administered by NTCA for its employees. Employees are allowed to contribute up to 20% of their salary. The Company contributes under a matching formula up to 3% of the employees' salaries in addition to the voluntary contribution. Savings plan costs expensed and capitalized for the years ending December 31, 2012 and 2011, totaled \$2,783.

NOTE 7. MULTIEMPLOYER DEFINED BENEFIT PENSION PLAN

The Company contributes to the "Retirement and Security Program (R&S) for Employees of the National Telecommunications Cooperative Association (NTCA) and Its Member Systems". The multiemployer program is a defined benefit pension plan covering most employees. The risk of participating in this multiemployer plan is different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Company chooses to stop participating in the multiemployer plan, they may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Company's participation in this plan for the annual period ended December 31, 2012, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2012 and 2011 is for the plan's year-end at December 31, 2011, and December 31, 2010, respectively. The zone status is based on information that the Company received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or rehabilitation plan (RP) is either pending or has been implemented.

LATHROP TELEPHONE COMPANY
LATHROP, MISSOURI

NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 7. DEFINED BENEFIT PENSION PLAN (Continued)

The Program does not have a certified zone status as currently defined by the PPA because the Program is considered a multiple employer plan pursuant to the Internal Revenue Code and ERISA.

Pension Fund	EIN/Pension Plan Number	Pension	FIP/RP	Contributions		Surcharge Imposed
		Protection Act Zone Status	Status Pending/ Implemented	12/31/2012	12/31/2011	
R&S	52-0741336 / 333	Green	N/A	\$ 11,776	\$ 11,776	Yes

At the date the financial statements were issued, Forms 5500 were not available for the plan year ending in 2012.

NOTE 8. RELATED PARTY TRANSACTIONS

The Company is a wholly-owned subsidiary of Grand River Mutual Telephone Corporation, Princeton, Missouri. The parent company and its subsidiaries provided certain accounting, commercial and other operational services at cost to the Company, aggregating [REDACTED] and [REDACTED] in 2012 and 2011, respectively. In connection with providing long distance services to the customers of Lathrop Telephone Company, Grand River Mutual Telephone Corporation paid the Company [REDACTED] and [REDACTED] for billing and collection services during 2012 and 2011, respectively.

NOTE 9. CONCENTRATIONS OF CREDIT RISK

The Company grants credit to customers, all of whom are located in the franchised service area, and telecommunications intrastate and interstate long distance carriers.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents and temporary investments. The Company places its temporary investments in several financial institutions which limits the amount of credit exposure in any one financial institution.

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 10. NONCASH FINANCING ACTIVITIES

Noncash financing activities for the years ended December 31, 2012 and 2011, included in dividends accrued but unpaid at year end totaled [REDACTED]

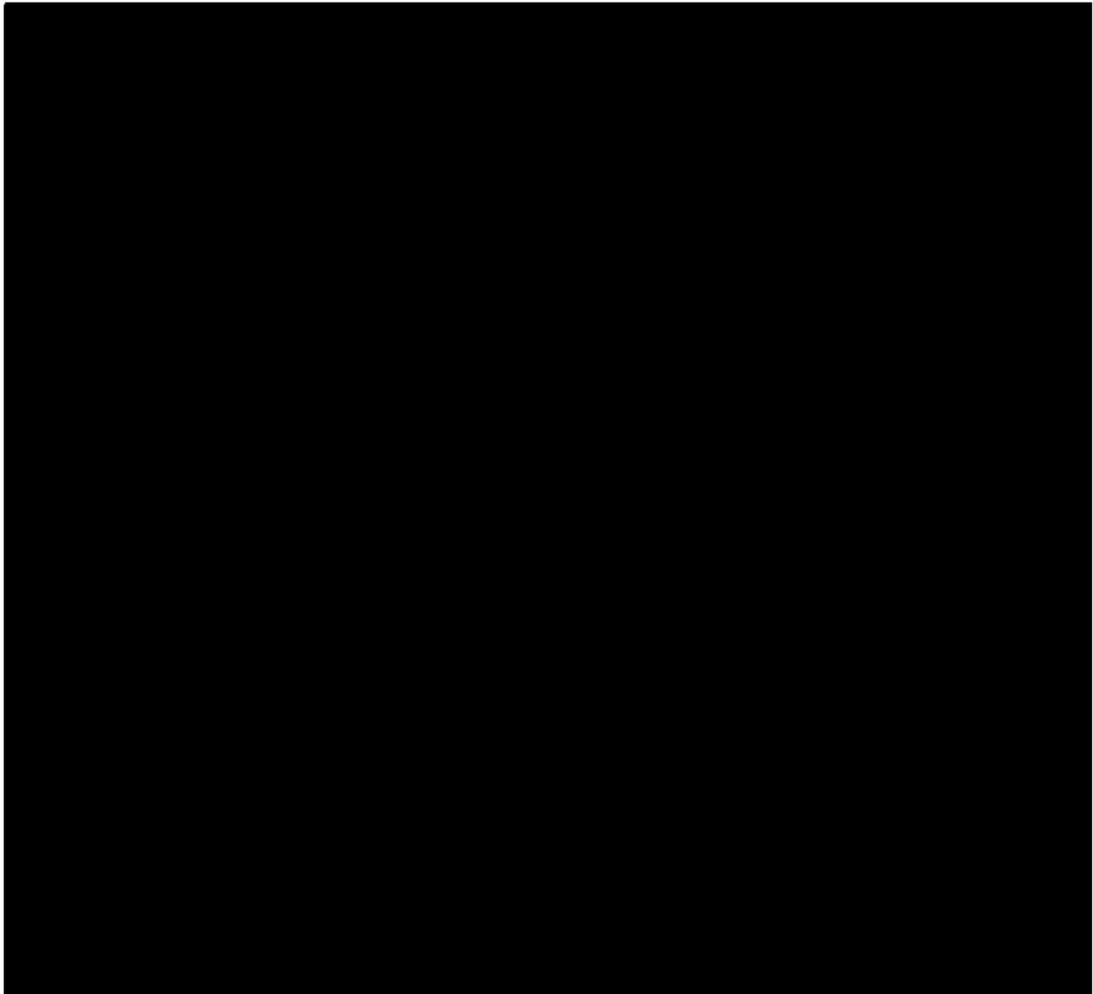
**LATHROP TELEPHONE COMPANY
LATHROP, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011**

NOTE 11. REGULATORY ACCOUNTING

For its telephone operations, the Company follows generally accepted accounting principles for regulated enterprises. Accordingly, the Company defers certain cost and obligations and depreciates plant and equipment over lives approved by regulators. While the Company continues to believe the current regulatory and competitive environment supports this accounting treatment, should conditions change the Company would be required to write-off these deferred cost and obligations and evaluate the net carrying value of its plant and equipment for any impairment losses absent the future recovery currently permitted by the regulators.

NOTE 12. BROADBAND INITIATIVES PROGRAM GRANT



**LATHROP TELEPHONE COMPANY
LATHROP, MISSOURI**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011**

NOTE 13. REGULATORY MATTERS

The Company received 45% of its 2012 revenues from access revenues and assistance provided by the Federal Universal Service Fund. As a result of the National Broadband Plan the manner in which access revenues and Universal Service Funds are determined has been modified by the Federal Communications Commission in an order effective December 29, 2011. Among other things, this order provides for (1) a requirement to provide broadband services; (2) the establishment of a Connect America Fund (CAF) to replace current USF and high cost support mechanisms with a cap on the total fund; (3) modifications to the current rate of return support model including caps on the recovery of certain expenditures; (4) a reduction in the terminating access charges billed by the Company over a nine year period with eventual transition to a bill-and-keep framework for the exchange of traffic between carriers; (5) a new access recovery charge on monthly customer bills; and (6) a national framework for reporting and oversight.

The order calls for further guidelines to be adopted on implementation and other topics. Portions of this order applicable to the Company are being challenged. Accordingly, neither the outcome of these proceedings nor their potential impact on the Company can be predicted at this time.